

ASX Announcement
29 April 2022

Way2VAT delivers strong quarter as sales momentum increases across all revenue streams

Quarterly Activities Report and Appendix 4C

Q1 FY22 Highlights (all figures A\$ unless otherwise stated)

- Transaction volume of \$2.23 million up 62% on prior corresponding quarter (pcp) (\$1.38 million Q1/FY21)
- Grew number of SMB clients by 7% from 700 to 750 during the quarter
- Cash receipts increased to \$354k, up 45% from \$243k in Q4 FY21
- Cash balance of \$2.674 million as at 31 March 2022
- Signed ten new multinational enterprise customers including Playmobil, a top-30 global toy manufacturer and enterprise headquartered in Germany, taking enterprise customer total to 210 – an increase of 40% in 12 months.
- Entered a partnership with Circula, the largest expense management solution provider in Germany, to offer Circula clients use of Way2VAT's automated VAT claim and return solutions product for Small and Medium sized Business (SMBs) through two seamlessly integrated systems
- Partnered with Railsbank and Mastercard to launch world-first spending card automating VAT/GST returns for SMB and Enterprise market

Global fintech leader in automated VAT claim and return solutions, Way2VAT Ltd (**ASX:W2V**, **Way2VAT** or the **Company**), provides an update on its activities for the quarter ended 31 March 2022 (Q1 FY22), alongside the Company's Appendix 4C.

Commenting on the Company's achievements over Q1 FY22, Way2VAT Founder & CEO, Amos Simantov, said:

"We continued the momentum we created last year in the first quarter of 2022 with the company experiencing solid revenue growth across all segments and markets.

"We have grown our enterprise customer base to 210, while our SMB clients have increased by 7% from 700 to 750 through indirect sales with key new and existing partnerships like Circula, Xero, Sage, Zoho, WebExpenses and Allocate. With our highly scalable technology we are tracking gross profit margins of 80%, as we leverage positive market conditions as our growth path accelerates.

"Way2VAT has begun to harness our global leadership in the technology of integrated VAT claim and return solutions that we operate in more than 40 countries and in over 20 languages. We



strengthened our platform presence in the DACH economies of central Europe - Germany, Austria and Switzerland.”

Financial highlights

Transaction volume for the quarter increased 62% to \$2.23 million, up from \$1.38 million for the corresponding quarter (Q1 FY21). Cash receipts increased 45% to \$354k, up from \$243k in the previous quarter (Q4 FY21).

During the quarter, \$189k in payments were made to related parties and their associates, being wages for CEO (incl. superannuation equivalent), Chairman, Non-Executive Directors and Strategic Advisor.

Operational highlights

Enterprise clients

During the quarter, Way2VAT signed new deals with ten major multinational enterprise clients – taking our enterprise numbers to 210 – a 40% increase in 12 months.

Playmobil, Germany’s largest toy manufacturer and one of the top-30 entertainment and toy manufacturers in the world, distributing products to approximately 100 countries, is the largest part of the Brandstatter Group, and is a key example of the type of enterprise client that is finding value in Way2VAT’s VAT/GST claim and return solution – initially for its European operations, but with the capability to expand further.

Way2VAT will originate its revenue on each successful VAT and GST reclaim transaction that it processes through its platform. Initially it will be used by about 2,600 employees out of Europe, with potential to expand to the global workforce of more than 5,600, making it a top-10 enterprise client in Europe.

Other Enterprise clients signing with Way2VAT for similar services during the quarter include:

- Super Smashing Ltd (Blink), headquartered in London, the world's first enterprise app designed exclusively for frontline workers that currently supports 80,000 key workers;
- Resources Global Professionals, a global consulting firm with more than 3,000 employees supporting a broad range of corporate functions through offices in 20 countries across North America, Asia Pacific, Europe and Latin America;
- TalkTalk Telecom Group Ltd, a provider of pay television and Internet access services to businesses and consumers in the United Kingdom; and
- Luxoft Professional LLC, the design, data and development arm of DXC Technology, providing bespoke, end-to-end technology solutions for mission critical systems, products and services across 21 countries throughout Europe, Asia Pacific and the US.

Platform partnerships

During the quarter the number of Small and medium sized business (SMBs) accessing Way2VAT capability through accounting software integrations increased 7%, from 700 to 750. These partnerships and integrations with platforms such as Allocate, Elmo, Yokoy, Zoho and Xero enable Way2VAT to strengthen its presence as a leader of automated VAT recovery software for the SMB market.

Post reporting period, Way2VAT entered a partnership with Circula, the largest expense management solution provider in Germany, to offer Circula clients use of Way2VAT's automated VAT claim and return solutions product for SMBs through two seamlessly integrated systems.

The new partnership will operate across thousands of organisations throughout Europe, with a particular focus on the DACH region, comprising Germany, Austria and Switzerland.

Circula provides online expenses management including invoice processing, corporate travel, payment, and auditing to companies across Europe. It also has an integration with popular accounting system DATEV, allowing the W2V platform to be seamlessly integrated through two systems– travel and expenses, and accounts payable – for the first time.

Circula will proactively offer the Way2VAT platform to clients. Way2VAT will originate its revenue from clients through a one-year contract based on each successful VAT reclaim transaction that it processes through the Way2VAT platform, with the ability to process large numbers of reclaims without substantially increasing the cost of processing.

Product development

As part of Way2VAT's growth strategy to expand the company product line, it is finalising a complementary product for the VAT/GST automated platform based on AIA (Way2VAT Patented technology), AI and computer vision technology. It will increase the potential of VAT reclaim globally as well as the revenue of the company.

Post quarter-end Way2VAT partnered with Railsbank to launch the Smart Spend Debit Mastercard® – the world's first spend card for the SMB and Enterprise market that fully automates VAT/GST returns from end-to-end.

Built to meet client demand for a product of this type, the card allows companies to submit spend receipts and capture invoices through Way2VAT's proprietary technology platform. The new technology is an end-to-end process from capture of the receipt through to payment that automatically analyses, reconciles, sorts, and submits documentation to foreign tax authorities.

Employees can simply spend their allocated amounts and the VAT/GST is automatically submitted with all relevant administration completed.

The card has a unique ruling engine that controls expenses per transaction by merchant, expense category, date, amount, and frequency. It provides businesses with more control over user spending and improves compliance, visibility, and transparency.

With Way2VAT being the first company to use patented artificial intelligence and deep-learning technology through the entire VAT reclaim process for improved efficiency, speed and fraud detection, the IPO proceeds on platform development are focused on:

- Auto supplier creation, allowing easier job allocation and onboarding;
- Commission and fees automation to auto calculate Way2VAT fees per invoice and claim, based on customer agreement; and
- Claim compliance to manage claim-related documents in the post-submission phase for audit.

During the quarter Way2VAT has reached 'production-ready' status for a new web application for full administration of users, corporate debit cards and expenses, and a new mobile application for cardholders/employees to track and manage their own expenses on the go.

The company is currently working on development of Infrastructure on AWS cloud to support platform scalability and quick rollout of new features; a new AI powered feature that authenticates the receipt's image against the made transaction data and alerts the user about possible mismatch; front-end development for a rich view of a new visual theme based on design guidelines to match the product's target market and personas; and back-end development for data handling, business logic, workflows and integration with third party providers.

Patent applications

Way2VAT continued liaison with the International Patent Office for its two recent patent applications: a full patent application for review for 'Systems and Methods for Document Image Analysis by Alignment of Document Image Sets to Spreadsheets'; and a patent application for Automated Invoice Analysis (AIA) for the full automation of VAT ID.

Q1 FY22 Cashflow commentary

Way2VAT's Operating cash outflows of \$1.83 million including \$1.13 million of Staff cost.

Use of funds update from the IPO, under Listing Rule 4.7C, is as follows:

Use of Funds as per Prospectus	Estimated expenditure (\$ Thousands)	Actual expenditure (\$ Thousands)	Comment
Sales and Marketing	343	577	New Staff and service providers to support growth and launch of the new Product (Smart Spending Card)
Research and development	198	533	New Product (Smart Spending Card) development through internal staff and third parties; to be gradually offset during the next 1-2 years through receipt of government grants
Compliance and security	18	117	Mainly annual Financial Statement and governance reports related costs
Customer fulfilment and support	103	125	
Patent applications	3	3	
General & Administration	85	476	Timing of up front G&A professional services payments; new recruits to finance team
Working capital	45	(460)	Mainly adjustments related to customers
Costs of the Offer	-	-	
Total	796	1,371	

The above table also reflects the expenditure incurred during the quarter

Outlook

Way2VAT Founder & CEO, Amos Simantov, said, "Our strong growth during the reporting period reflects our increased marketing and sales efforts and product evolution which has enabled us to harness improving market conditions with business, international and domestic travel and foreign Accounts Payable returning to more normal levels of activity since the beginning of the COVID-19 pandemic.

"The next 12 months are shaping up to be a very exciting time for the company. The world's first debit card with a VAT/GST embedded engine, our new Smart Spend Debit Mastercard will enable companies to improve their expense management and payment solution while saving costs as well as boosting their bottom line. In addition, as part of our growth strategy to expand the product line, we are finalising a complementary product for our VAT/GST automated platform based on AIA (Automated Invoice Analysis – Way2VAT Patented technology), AI (Artificial Intelligence) and computer vision technology.

"These product initiatives will provide additional scale for our patented technology platform. These will fuel the growth of our strengthening partner, Enterprise and SMB revenue so we can harness the accelerating trend for companies to automate and digitise their tax and compliance-related processes."

Appendix 4C

Please find **attached** the Company's Appendix 4C.

WEBINAR DETAILS

An investor webcast will take place at 3:00pm AEST on Monday 2 May 2022.

Following the briefing, participants will have an opportunity to ask questions via an online facility.

To register please use the following link:

https://us02web.zoom.us/webinar/register/WN_UI TbI9iaTeG4iaR4CThp-w

This announcement was authorised for release to the ASX by the Board of Way2VAT.

ENDS

For more information, please contact:

Investors

Adrian Mulcahy

Market Eye

P: +61 438 630 422

E: adrian.mulcahy@marketeye.com.au

Media

Tristan Everett

Market Eye

P: +61 403 789 096

E: tristan.everett@marketeye.com.au



WAY2VAT
Global VAT Refunds

About Way2VAT

Way2VAT is a global fintech leader in automated VAT/GST claim and return solutions in over 40 countries and in over 20 languages, serving hundreds of enterprise businesses worldwide. Way2VAT owns and operates a patented artificial intelligence technology that powers the world's first fully automated, end-to-end VAT reclaim platform.

Established in 2016, Way2VAT is headquartered in Tel Aviv with offices in the United Kingdom, the United States, France and Romania and has over 50 employees.

Used by more than 200 enterprise companies including Amdocs, EY Israel, MasterCard, eToro, Kimberly-Clark, Hitachi ABB, Mobileye Intel, RB, Willis Towers, Siemens-Israel, Daily Mail Group, Sage, Falck, Boston Red Sox, and Foot Locker Europe with customer retention over 97 per cent.

www.way2vat.com

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

WAY 2 VAT LTD

ABN

637 709 114

Quarter ended ("current quarter")

March 31, 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Refunded Collected from clients	354	354
1.1.1	Adjustments related to clients	105	105
1.2	Payments for		
	(a) research and development	(192)	(192)
	(b) product manufacturing and operating costs	(9)	(9)
	(c) advertising and marketing	(150)	(150)
	(d) leased assets	(106)	(106)
	(e) staff costs	(1,126)	(1,126)
	(f) administration and corporate costs	(339)	(339)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes paid	58	58
1.7	Government grants and tax incentives	93	93
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(1,315)	(1,315)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	(81)	(81)
	(b) businesses		
	(c) property, plant and equipment	(3)	(3)
	(d) investments		
	(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of: (a) entities (b) businesses (c) property, plant and equipment (d) investments (e) intellectual property (f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(84)	(84)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	(22)	(22)
3.8	Dividends paid		
3.9	Other (Cash refunded for clients)		
3.10	Net cash from / (used in) financing activities	(22)	(22)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,308	4,308
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,315)	(1,315)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(84)	(84)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(22)	(22)
4.5	Effect of movement in exchange rates on cash held	(213)	(213)
4.6	Cash and cash equivalents at end of period	2,674	2,674

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,674	4,308
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,674	4,308

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(189)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	1,115	(1,115)
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	1,115	(1,115)
7.5 Unused financing facilities available at quarter end		0
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,315)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,674
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	2,674
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.03
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 April 2022

Date:

By the Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.